LEGISLATIVE DIGEST
HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM
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H.R. 3058 – Public Land Communities Transition Act of 2007

FLOOR SITUATION

H.R. 3058 being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Peter A. DeFazio (D-OR) on July 17, 2007. The House Committee on Natural Resources agreed to the bill, as amended, by voice vote on September 26, 2007.

H.R. 3058 expected to be considered on the floor of the House on June 4, 2008.

BACKGROUND

Land owned by the Federal government within state boundaries reduces the amount of available local property tax revenues. Revenue sharing systems that were in place under the 2000 Secure Rural Schools and Community Self Determination Act (P.L. 106-393) attempted to offset these losses by entitling states to 25 percent of revenues from economic development activities that take place on National Forest lands located within their boarders and 50 percent of the revenue yielded from Bureau of Land Management (BLM) lands. The revenue a state receives from these activities is then distributed to the counties in which these lands are located and go to fund rural public schools and road improvement.

This Act expired on October 1, 2006, and was reauthorized for one year as a part of the 2007 U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act (P.L. 110-28).

National Forest System Lands and BLM lands are composed of 193 million and 69 million acres, respectively. A large percentage of these lands are located within states such as California, Oregon, Utah, and Washington.

SUMMARY

Payments in Lieu of Taxes

H.R. 3058 authorizes appropriations for direct payments made by Secretary of the Interior to the local governments of states previously entitled to payments available under the Secure Rural Schools and Community Self-Determining Act of 2000. This legislation does not fund PILT programs existing under previous legislation. Instead, the bill provides an incremental transition to the full direct payment of authorized amounts: 80 percent of the authorized amount in 2008; 90 percent in 2009; and 100 percent for 2010 and 2011.

Transitional Payments to Eligible State and Counties

The legislation provides transitional payments that are to be paid to previously eligible states and counties under the Secure Rural Schools and Community Self-Determining Act of 2000. The legislation provides funding to states based on factors such as previously allocated amounts and the amount of federal lands located within a state. These amounts are to be reduced by 10 percent annually.

The bill also provides additional direct payments to California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington and eligible counties in those states in place of the payments that would have been made under the Secure Rural Schools and Community Self-Determining Act of 2000. In 2008, these states are to receive the same amount of the payments that they received in 2006 under the 2000 Rural Schools Act; 90 percent of the 2006 amount in 2009, 81 percent of the 2006 amount in 2010; and 73 percent of the 2006 amount in 2011.

Conservation of Resources Fee

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The bill establishes a conservation of resources fee for producing and non-producing Federal oil and gas leases in the Gulf of Mexico. The fee is calculated in 2005 dollars (for producing wells and would retroactively apply to leases from the beginning of 2006). The fee would collect $9 per barrel of oil whenever the price per barrel of sweet crude oil exceeded $34.73 per barrel and $1.25 per millionth Btu of natural gas whenever this the price per millionth Btu exceeded $4.34. For non-producing oil wells, the fee would be $3.75 per acre in 2005 dollars.

Additionally, the bill requires the Secretary of the Interior to agree to requests by lessees to amend any leases for tracts of land located in the Central and Western Gulf of Mexico that was entered into between January 1, 1998, and December 31, 1999, so that these conservation fees may be incorporated.

> NOTE: In effect, this provision would rewrite federal government contracts for offshore drilling in the Gulf of Mexico, ending the royalty relief of 1998 and 1999.

COST

The Congressional Budget Office (CBO) estimates that “enacting H.R. 3058 would increase net direct spending by $409 million over the 2008-2012 period, but reduce such spending by about $4.2 billion over the 2008-2017 period. Enacting the bill would not affect revenues but could result in savings in discretionary spending by reducing the need for annual appropriations for payments in lieu of taxes (PILT). Assuming that appropriations are reduced accordingly, CBO estimates that discretionary spending would fall by $975 million through 2012.

H.R. 3058 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By establishing the "conservation of resources" fee, H.R. 3058 would impose a private-sector mandate, as defined in UMRA. CBO estimates that those fees, in aggregate, would be approximately $500 million in 2008. Consequently, the cost of the mandate to the private sector would exceed the annual threshold established in UMRA ($131 million in 2007, adjusted annually for inflation).”

CBO cost estimate for H.R. 3058

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